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RUCNDT/USMISSION USUN NEW YORK IMMEDIATE 0231  
RUEHUNV/USMISSION UNVIE VIENNA IMMEDIATE 0071

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TREASURY FOR TFI

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SUBJECT: AMBASSADOR DELIVERS UNSC 1737 POINTS TO NORSK  
HYDRO CEO

REF: A) OSLO 152 B) OSLO 132 C) STATE 14071 D) OSLO

98 AND PREVIOUS

Classified By: Deputy Chief of Mission Kevin M. Johnson for reasons 1.4  
b and d.

¶1. (C) The Ambassador delivered ref C points on February 15 to Norsk Hydro CEO Eivind Reiten. (Note: As indicated in ref D, Hydro's petroleum sector investments in Iran have been an ongoing point of discussion between the Embassy and company. End note.) The Ambassador urged Reiten to reconsider Hydro's investments in Iran, stressing the need to keep financial pressure on the regime and pointing out the rising commercial risk of investing there. Reiten, noting previous conversations with the Embassy on the issue, said that Hydro is well aware of USG concerns and following rising tensions over Iran closely. Hydro is engaged in a continuous dialogue over its Iran investments on a number of fronts -- with the Embassy, the Norwegian Ministry of Foreign Affairs, the Norwegian Ambassador to the United States, and EU foreign policy chief Javier Solana. Reiten underscored the importance of having all concerned parties "knowing what we're doing."

¶2. (C) Reiten said Hydro is in the "unfortunate situation" of successfully developing a petroleum project in Iran as the political situation there deteriorates. Hydro is trying to stay "on the back burner level," keeping its activities "low key" and trying not to create tensions. The company, said Reiten, faces a difficult balancing act -- avoiding high-profile activities but, at the same time, not abandoning its commercial position, hoping that in the longer term the political situation will improve. Reiten thought Hydro's work in Iran helped to "bring the Iranians the right way" by setting a positive example, but also understood that Teheran sought to showcase big business deals to present a false "business as usual" face to the world. Hydro was being careful not to be drawn into the Iranians' game. Reiten also acknowledged the risk of investment funds "leaking" to the regime, but added that Hydro's investment to date is relatively modest. Noting the rising commercial risks of doing business in Iran, Reiten said Hydro intended to "carefully move its projects forward, not investing a lot."

¶3. (C) Reiten concluded by highlighting Hydro's intention to send a senior executive to Washington next month for consultations on Iran and other energy matters with USG officials. Reiten thought the visit would provide an excellent opportunity for Hydro to explain its position and

clarify facts while getting Washington's views on the situation in Iran. (Note: Hydro Senior Vice-President for International Business Development Torgier Kydland is expected to visit Washington March 14-15. Post is working with EB/ESC to set up Kydland's schedule at the Department. End note.)

¶4. (C) Separately, visiting USNATO Ambassador delivered our Iran points to FM Stoere February 16 (septel). Stoere stressed Norway's desire to keep its communications lines open with Iran, and noted that EU Secretary General Solana recently told him he had seen encouraging signs from Iran's national security advisor. Ambassador Nuland stressed that international pressure on Iran was key.

WHITNEY